CALSTRS

Proposed 2027–28 operating budget

September 24, 2026

Proposed 2027–28 operating budget

Summary

Operating budget

$551.2M

▲ $104.0M | ▲ 23.3%

Authorized positions

1,655

▲ 164 | ▲ 11.0%

What's driving the increase

- BenefitConnect M&O
- Enterprise support
- Other budgetary changes
- Investment management plan

Proposed 2027–28 operating budget

BenefitConnect M&O

Service contracts	$34.7M
38 authorized positions	$8.1M
Temporary transitional funding	$4.0M

Internal capacity	Establish the proposed division and 38 authorized positions to support ongoing operations.
Mandatory changes	Support required changes such as IRS tax form updates and AB 1997.
Stabilization & service	Continue stabilization, improve usability and service levels, and strengthen visibility into workload and capacity.
Vendor oversight	Strengthen knowledge transfer and reduce long-term reliance on vendor support.

Proposed 2027–28 operating budget

Enterprise support

- Authorized positions
- Service contracts

Authorized positions

36 positions

$6.4M

- Strengthen information security and compliance infrastructure
- Enhance technology modernization
- Support 2025–28 Strategic Plan

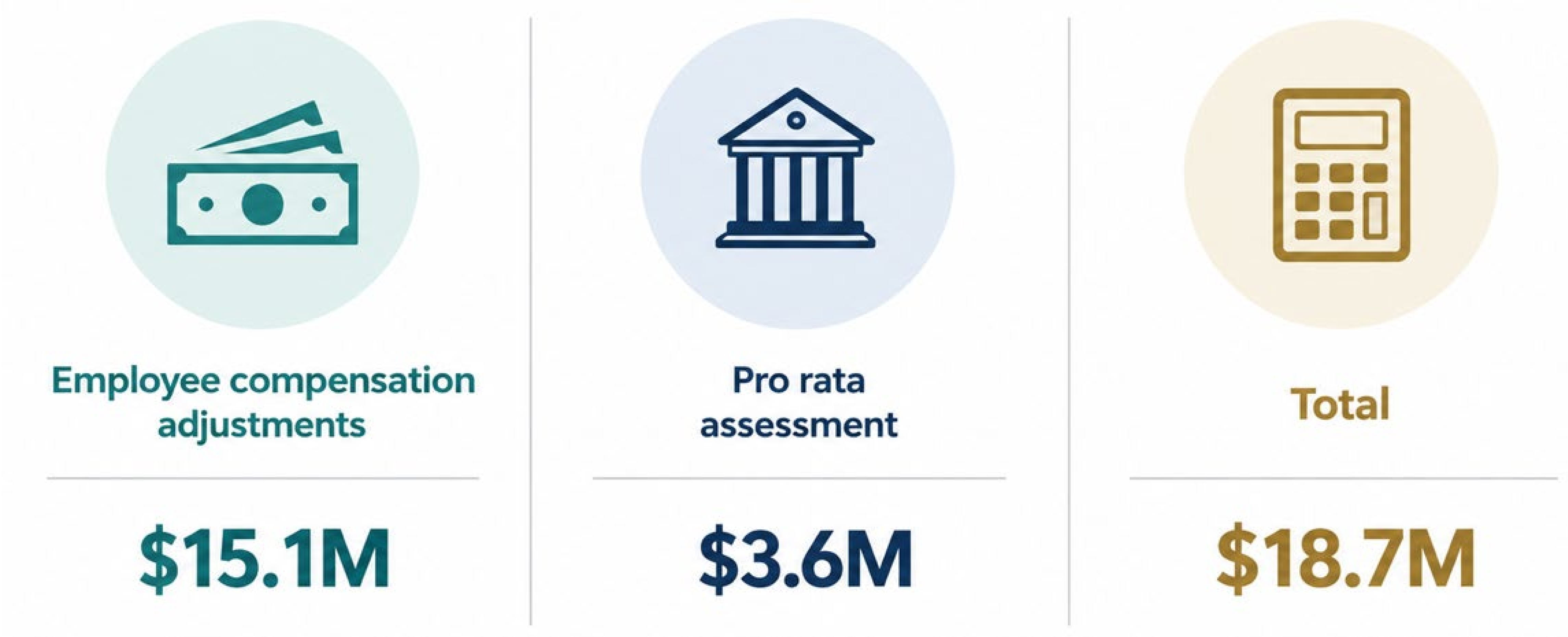
Service contracts

$1.1M

- Security services
- Member Service Center operations
- Network infrastructure

Proposed 2027–28 operating budget

Other budgetary changes



Investment management resourcing needs for FY 27/28 and FY 28/29

Four drivers of sustainable capacity, investment capability and enterprise resilience

01

AUM growth

Scale capacity with the growth and complexity of the portfolio.

RESOURCING DRIVER

02

Evolution of investment strategy

Build capabilities for new strategies, internal management, and overlays.

RESOURCING DRIVER

03

Technology transformation

Enable modern data, platforms, automation, and technology governance.

RESOURCING DRIVER

04

Operational infrastructure and governance

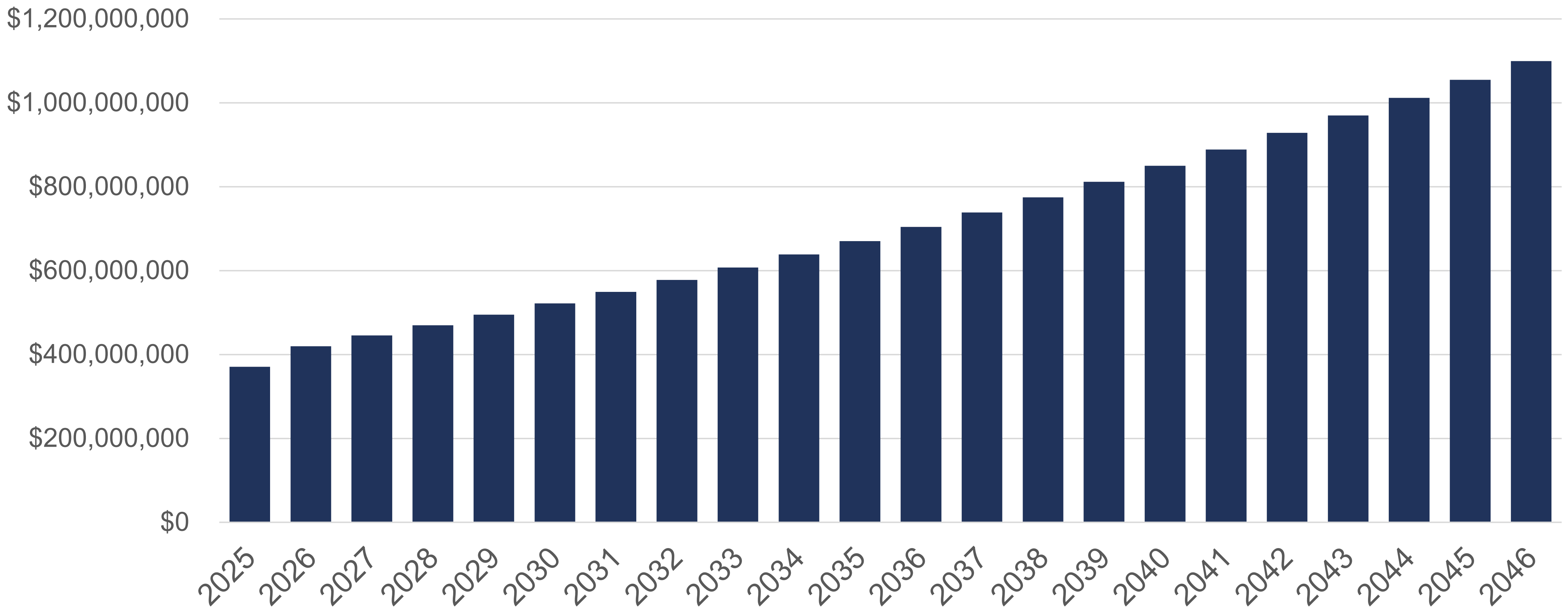
Strengthen investment operations, controls, and oversight to support portfolio complexity and manage risk.

RESOURCING DRIVER

Together, these needs ensure resources keep pace with portfolio scale, strategic ambition, technology modernization, operational demands, and fiduciary oversight.

Projected TRF asset value

Assuming 7% return in all future years



These are the projected assets for the TRF which includes the assets of all programs (DB, DBS, SBMA and Cash Balance).

Total fund evolution

Internal/external management

2001

- $100B
- 84% Public/ 16% Private
- 43% Internal management
- Staff: 56

2010

- $145B
- 67% Public/ 33% Private
- 33% Internal management
- Staff: 110

2015

- $185B
- 59% Public/ 41% Private
- 39% Internal management
- Staff: 130

2026

- $415B
- 59% Public/ 41% Private
- 67% Internal management
- Staff 344

Global equity

Quantitative strategies

WHERE WE'VE BEEN | **WHAT WE'VE ACCOMPLISHED** | **WHERE WE'RE GOING: Our Next Chapter**

1998
Launched management of first internal portfolio

2020
Expanded into multi-factor strategies

STRONG PERFORMANCE

GROWING ASSETS

SCALING CAPABILITY

OPERATIONAL MATURITY

STRONGER FOUNDATION

Expand our in-house capabilities

- Oversight
- Complexity and quantity of trades
- Invest in technology, data & analytics

Develop and implement systematic equity strategies

- Scalability
- Attract, develop, and retain talent
- Overlay Strategies

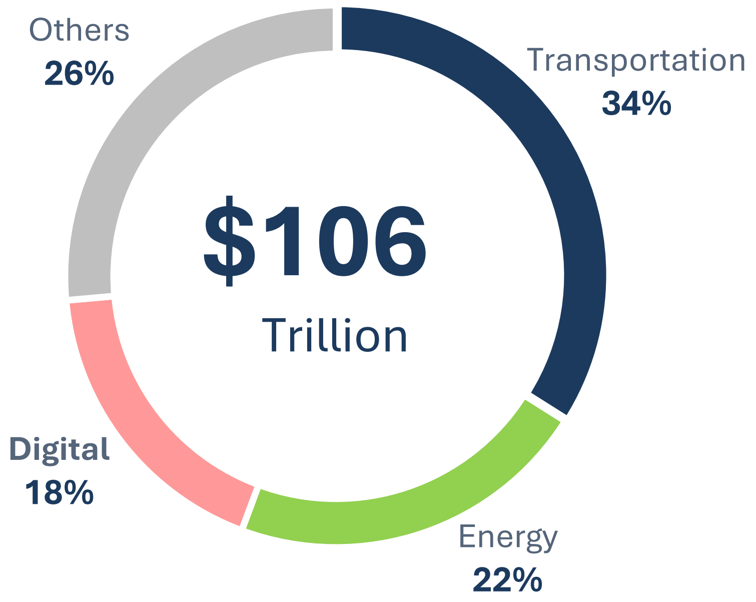
INTERDEPENDENCIES REQUIRED ACROSS OTHER INVESTMENT DIVISIONS:

OPERATIONAL INFRASTRUCTURE | **DATA & ANALYTICS** | **GOVERNANCE** | **ENTERPRISE SERVICES**

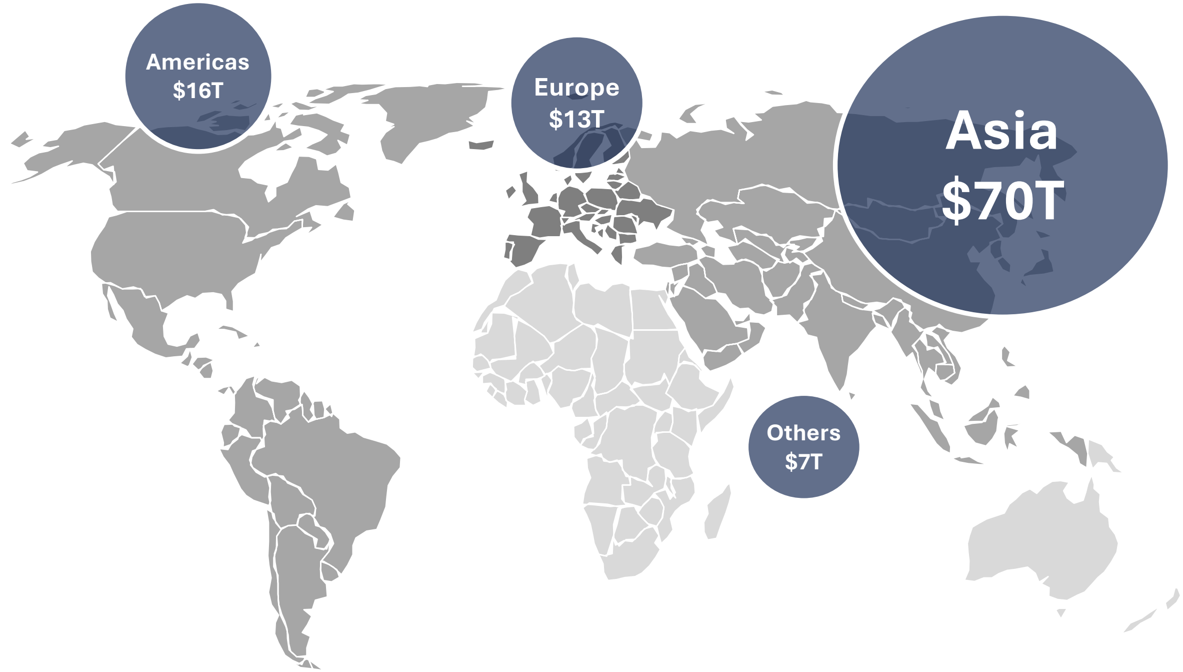
Private markets

Diversification: global infrastructure needs through 2040, by sector & region ($ trillion)

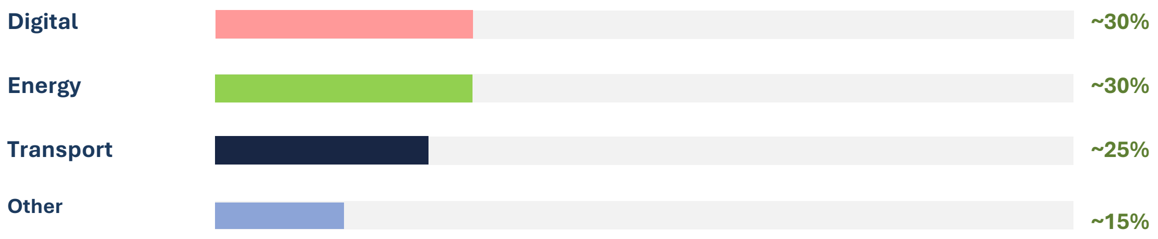
BY SECTOR (THROUGH 2040)[1]



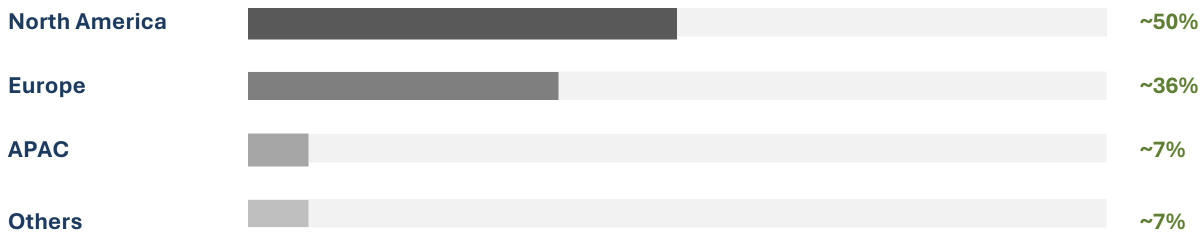
BY REGION (THROUGH 2040)[1]



◀ PAST FIVE YEARS — ACTUAL FLOWS (% SHARE)[2]



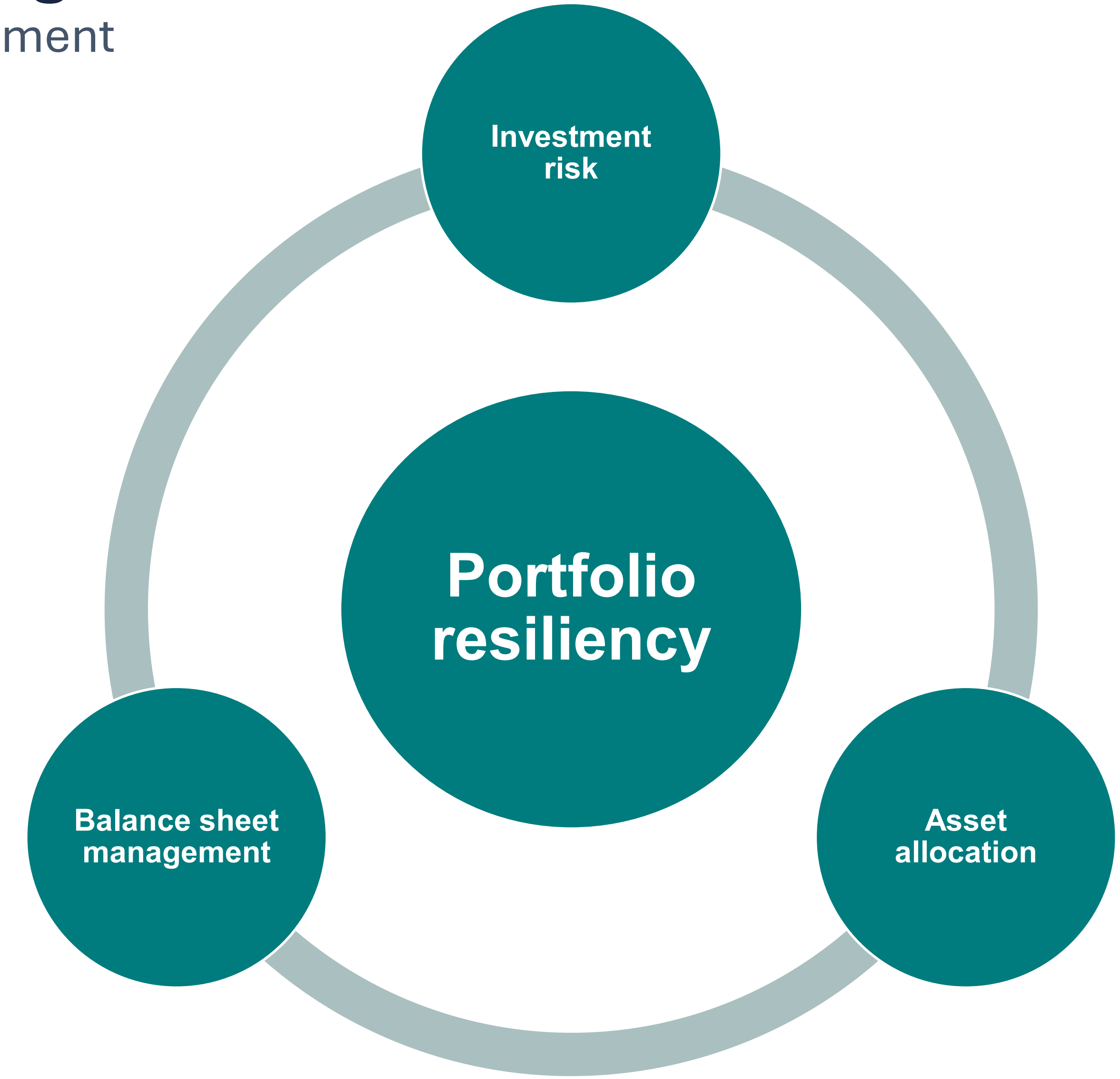
PAST FIVE YEARS — ACTUAL FLOWS (% SHARE)[2] ▶



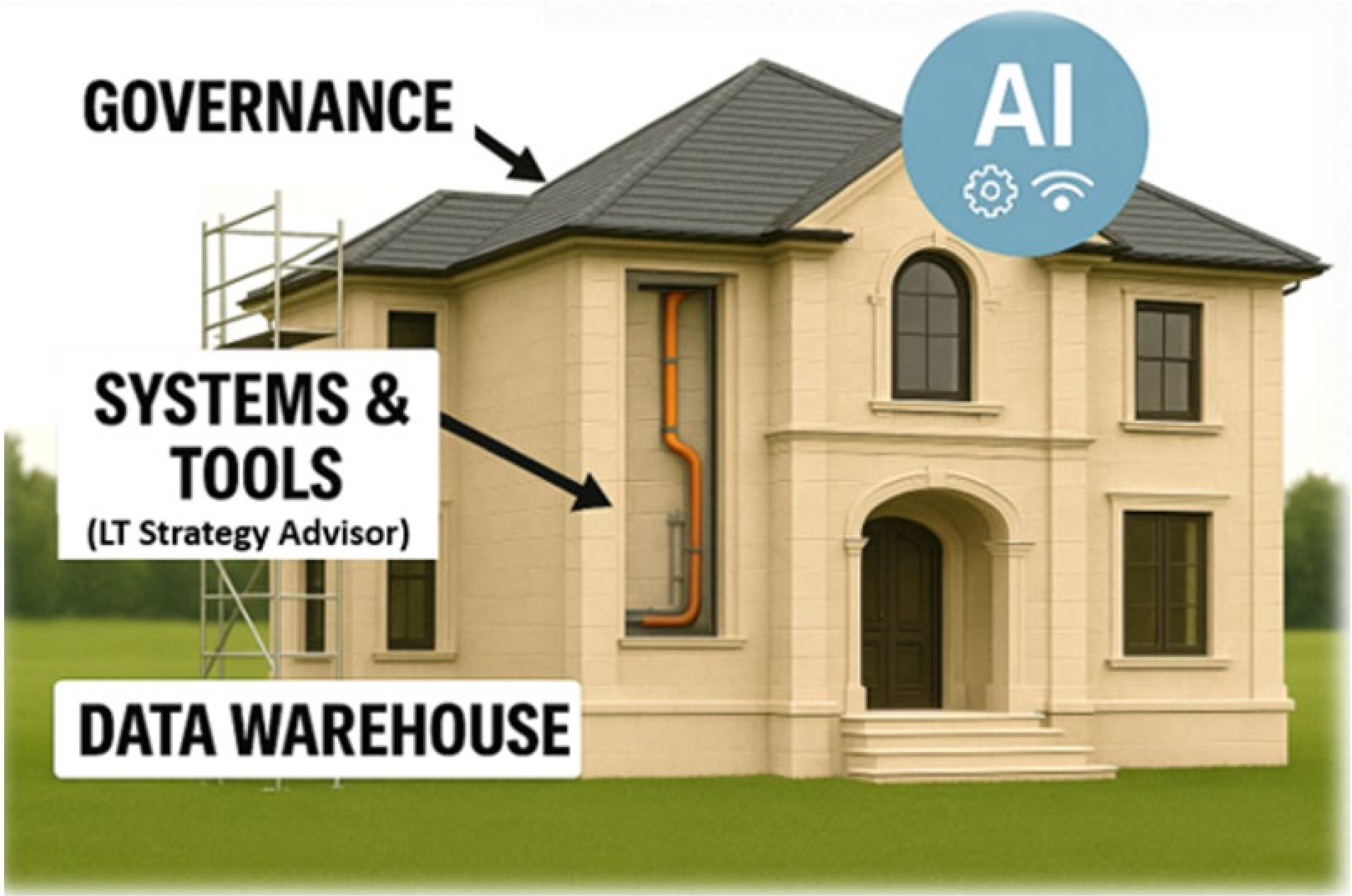
1. Source: McKinsey & Company, The Infrastructure Moment, September 2025
2. Source: StepStone database

Total fund management:

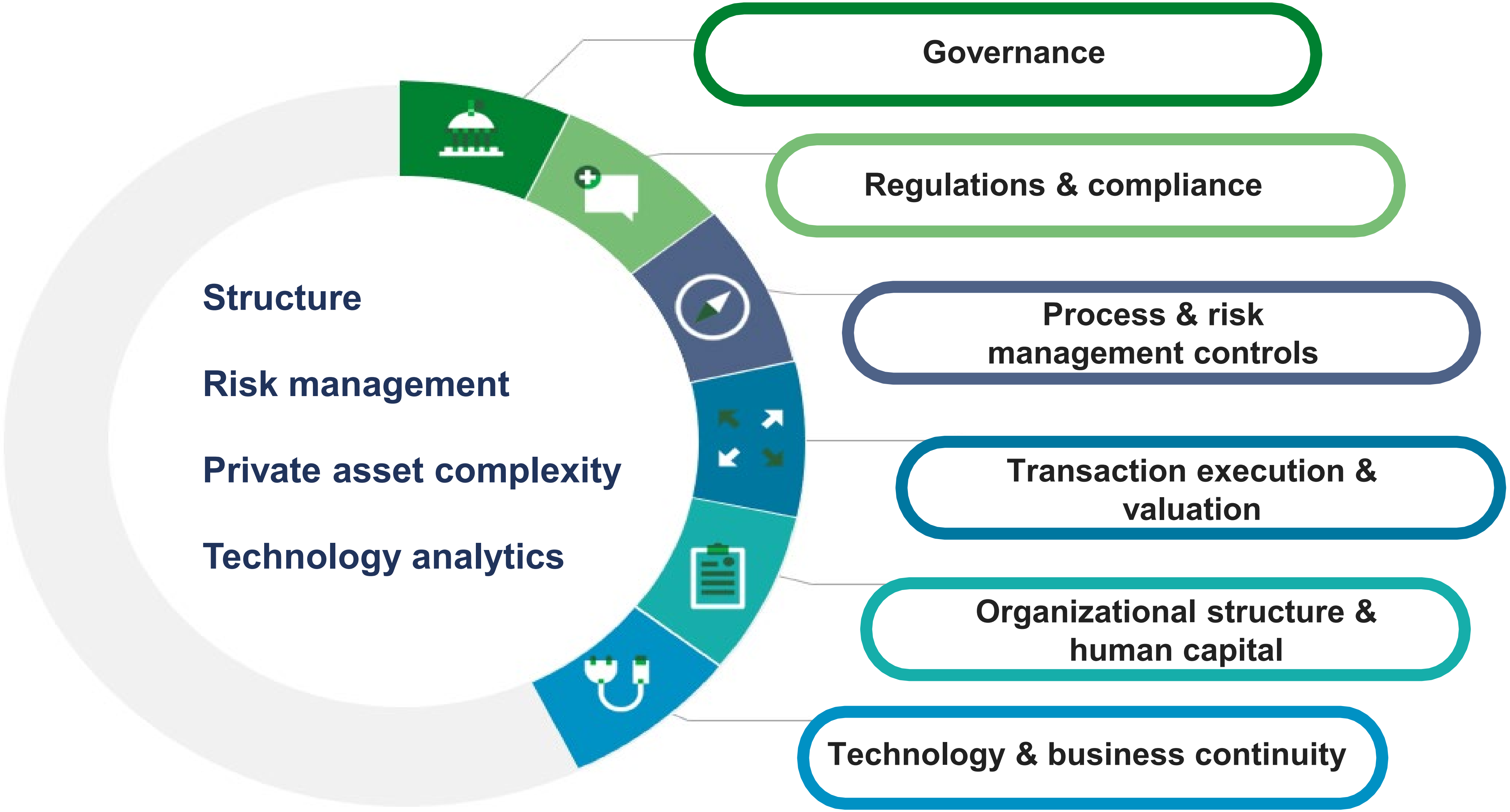
Risk & Liquidity Management



Technology transformation



Operational infrastructure & governance:



Proposed 2027–28 Operating Budget

Investment management plan

Investment Strategy	2027–28		2028–29		Two-Year Total	
	Cost ($M)	Positions	Cost ($M)	Positions	Cost ($M)	Positions
AUM Growth	$12.5	29	$8.7	20	**$21.2**	**49**
Evolution of Investment Strategy	8.3	20	10.0	22	**18.3**	**42**
Operational Infrastructure & Governance	4.5	15	3.5	13	**8.0**	**28**
Technology Transformation	3.2	13	2.6	7	**5.8**	**20**
Investment Support	2.5	13	2.0	10	**4.5**	**23**
Total	**$31.0**	**90**	**$26.8**	**72**	**$57.8**	**162**

$57.8M
Total two-year cost

162
Total positions

Focused investment to support long-term value for our members

Staff planning process

Strategy-led, division-by-division assessment with progressive leadership challenge, enterprise alignment, and peer validation

1 Evaluate risk & return strategy

Investment Leadership defines the strategy required to achieve full funding

2 Investment division

Division-by-division staffing assessment

3 SID review

Validate need, priorities, roles & timing

4 SMT + CIO review

Challenge assumptions & prioritize across divisions

5 CIO review

Finalize the integrated Investment Branch plan

6 CIO + CEO alignment

CIO/CEO align on enterprise priorities and review with Executive Staff

PEER MODELING

Sanity check staffing levels, functional coverage, spans, and growth assumptions against relevant peers.

Outcome: a defensible, prioritized staffing plan anchored to the risk and return strategy for full funding, grounded in business need, challenged through leadership review, benchmarked externally, and aligned to enterprise capacity.

Appendix

Two-year resource plan by Investments branch

Breakout by Division

	Current FTE	FY 27/28	FY 28/29	2-Yr BCP Total	Projected FTE #s
Operational Infrastructure	56	11	8	**19**	**75**
Total Fund Management	19	8	10	**18**	**37**
Data & Analytics	24	10	7	**17**	**41**
Fixed Income	33	6	5	**11**	**44**
RMS	17	8	3	**11**	**28**
Private Equity	37	6	4	**10**	**47**
SISS	31	3	5	**8**	**39**
Inf. Sensitive	20	3	5	**8**	**28**
Collab. Strategies	7	4	4	**8**	**15**
Global Equity	26	6	1	**7**	**33**
CIO/SMT Support	18	3	4	**7**	**25**
Compliance & Governance	17	4	3	**7**	**24**
Strategic Initiatives	4	3	2	**5**	**9**
Real Estate	35	2	1	**3**	**38**
Total FTEs	**344**	**77**	**62**	**139**	**483**